



In a world of increasing competition, accountants must innovate to stand out from

COUNTERING
THE CURSE OF MEDIOCRITY

CREATIVE THINKING

Mediocrity is the 'comfortable curse' companies may find they can live with but which will limit their growth, says Ric Willmot of the Executive Wisdom Consulting Group. If mediocrity continues long enough it can deteriorate into paralysis and business failure.

"Before anyone thinks it can't happen to them, ask yourself where Arthur Andersen is today and don't just assume it was all because of Enron," he says. "Enron was only a symptom, not the cause."

Creative thinking is about raising the bar, not just solving problems, he says. Companies that only solve problems as they arise simply maintain the status quo. Those that think of ways to improve before problems arise raise the bar.

Remuneration is a critical area in which accountants should take a new approach, he says. "Accountants are fixated on neat boxes and clear rates almost as a professional pathology. So it's not surprising they cheat themselves out of fair remuneration."

The services that accounting professionals offer are extraordinarily diverse. They balance books, save tax dollars, highlight areas of enhanced profitability, set up effective superannuation funds, provide investment advice and generally help clients exhaust every legal nook and cranny to save money. Yet they only charge \$150 or so an hour. Accountants see their value in terms of tasks performed which are tightly tied to and choreographed by time involved.

Yet they're perfectly placed to broaden the range of services they offer further, as accounting professionals,

transferring their skills and knowledge to other matters for clients. Yet many accountants shy away from providing broader financial advice and services.

The extent to which they do this will depend on their flexibility, competence and willingness to take risks. Many professionals tend to be pessimistic about applying their skills to other areas, Willmot observes. "This myopia is often exacerbated by our early success, which we mistakenly associate strictly with our speciality and not with ourselves."

Moreover, accountants are in a strong position to improve their clients' businesses. That's because they have an inherent understanding of the client's business that comes from preparing their financial statements and doing their compliance work and tax returns. >

the crowd. And innovation shouldn't be restricted to the services they provide.



Accountants should think about partnering with clients not just solving their problems. "They're in a position to go proactively to clients and say, 'We've had some thoughts. Market conditions are changing, technology is different, there are new opportunities and evolving customer needs. Here's where I see you can make a difference in your business.'"

The aptitude to give this sort of advice does not depend on having additional qualifications. Clients are not interested in whether the accountant has a PhD, which university they went to or whether they have an MBA, Willmot says. They're only interested how they, themselves can do better.

Historically, accountants have billed for their services based on time-based units, usually hourly rates, but Willmot argues there is no logical reason for doing so.

Accountants use time-based units partly because other professionals have set the precedent. Time is also the universal measure the client and accountant can agree on – the length of time spent on a job. Accountants have seen time-based charges as a ready-made lever for increasing their business by increasing their time investment.

But there's a great opportunity for them to understand the value they bring to clients and to focus on outcomes rather than the deliverables.

"As soon as the accounting profession understands that they should be looking at value-based billing instead of hourly or per diem rates, that's going to be the greatest opportunity to increase the profitability and success of the accounting profession," Willmot says.

And they should market the fact that they can provide more than traditional accounting services. Some simple ways of marketing services include:

- teaching at universities, TAFES or colleges
- building alliances with clients

level. Get involved at a leadership level and you'll find there are enormous opportunities to market your services."

Websites are also critically important. Most accounting websites focus on two issues: the accountant (who you are, your personal traits, skills, experience, education, methodology) and competencies (tax returns, compliance work, forensic accounting).

KEY POINTS

- Companies should be creative to rise above mediocrity
- Accountants have the competency to help clients do better because they understand their businesses
- The profession needs to think creatively about the services it can offer and how to charge for them
- Accountants should be looking at value-based billing instead of hourly or per diem rates in the best interests of their clients and themselves
- They should market the fact that they can improve their client's business with advice as well as providing traditional accounting services

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- true networking (not just handing out business cards at cocktail functions)
- writing and circulating position papers on business issues,
- speaking at Rotary Clubs and Chambers of Commerce to get a point of view across.

"Another important way to market yourself and your services is through association leadership. Nearly every accountant is involved in an association, but not many are involved at a leadership

"But the client is really only interested in how can you help him. If you change your website around you'll find that being able to market this style of business advice is greatly enhanced." ■

Ric Willmot will present the Creative Thinking seminar in Brisbane for the Institute of Chartered Accountants in Australia in June. For more details, contact the Institute on 1300 137 322.